

~~CONFIDENTIAL~~

Central Intelligence Agency



Washington, D. C. 20505

Executive Registry

80-3024/2

9 January 1980

MEMORANDUM FOR: The President ✓
The Vice President
Secretary of State
Secretary of Defense
Assistant to the Secretary for
National Security Affairs

SUBJECT : USSR: Olympic Games Preparations ☐

25X1

1. The attached assessment, USSR: Olympic Games Preparations, may be of interest to you in light of a possible Olympic boycott. CIA analysts believe that inside the USSR a boycott's heartening effects on some Westernizing dissidents would be offset by reinforcement of widespread tendencies to xenophobia. Internationally, a boycott would keep the Afghan issue alive and force the Soviets to face a continued barrage of criticism from some sections of the international community. However, the Soviets would also be able to play the role of an aggrieved party before a partially sympathetic international audience and to utilize international disagreements over the boycott to exacerbate tensions between the U.S. and non-boycotting (or reluctantly boycotting) states, probably including some close U.S. allies. ☐

25X1

2. As for the economic loss from a boycott, we believe it would be small. In the main, losses would be confined to a reduction in hard currency revenues from tourism and broadcast rights. The Soviets expect hard currency revenues of an estimated \$250 million. Most of this income (perhaps at least two-thirds) is in hand, however, and the Soviets, in the event of boycott, would balk at refunding cash already received. All but \$5 million of the \$74 million paid for U.S. broadcast rights, for example, has been paid. ☐

25X1

Foreign tourists wishing to attend the games (at least Americans) were required to prepay Olympic package tours by the end of 1979. Barring an outright cancellation of the games, Moscow would argue that foreign tourists were welcome regardless of individual country participation. ☐

25X1

STANSFIELD TURNER

25X1

EXECUTIVE REGISTRY

Attachment:

ER 79-10666, Copy No. 37

FILE # C-140

25X1

Approved For Release 2005/11/23 : CIA-RDP81B00401R000600150002-1

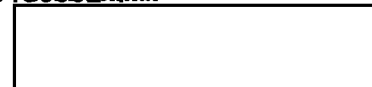
Next 1 Page(s) In Document Exempt

Approved For Release 2005/11/23 : CIA-RDP81B00401R000600150002-1

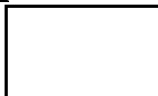


Approved For Release 2005/11/23 : CIA-RDP81B00401R000600150002-1

National
Foreign
Assessment
Center



USSR: Olympic Games Preparations



25X1

An Intelligence Assessment

*Information available as of 7 December 1979
has been used in the preparation of this report.*



X1

Confidential

Approved For Release 2005/11/23 : CIA-RDP81B00401R000600150002-1

December 1979

25X

Confidential

**USSR: Olympic Games
Preparations****Overview**

The Soviet Union worked hard to obtain the right to host the 1980 Summer Olympics and undoubtedly considers it a showcase event of the first order. It is engaged in a massive effort to build and renovate 99 facilities, most of them in the capital area. Moscow probably will spend the equivalent of about \$3 billion, making the Summer Olympics the costliest to date.

Moscow should be ready for opening day ceremonies, but only by reshuffling domestic construction priorities at a time when the country already faces a serious backlog of construction projects. Officials charged with balancing Olympic demands in the broader context have become increasingly critical of the amount of resources channeled into the Olympic effort. Construction workers have been imported from other areas of the USSR, and in some cases the USSR has contracted for foreign construction teams. Non-Olympic building in the capital has been curtailed to keep Olympic construction on track.

The games will present the USSR with several problems. Handling the unprecedented number of foreign tourists represents a monumental task for authorities not attuned to Western travelers. In spite of increased hotel capacity, new restaurants, and a major effort to train Soviet personnel in Western tastes, Moscow will be like a tourist frontier town. Soviet leaders will also have to cope with troublesome political issues. Team accreditation issues such as Chinese and Taiwan, Israeli, and German representation are sure to surface as they do before every Olympiad. Perhaps of greater concern to organizers will be how to handle interaction between Westerners and Soviet citizens, including possible actions by dissident Soviet groups.

On the economic front Moscow will benefit from (1) upgraded city facilities, (2) more housing after the games are over, and (3) improved tourist accommodations. Soviet officials can say realistically that the bulk of the nonsport facilities would have been built whether or not Moscow hosted the 1980 Olympics. Even Olympic-related facelifting falls under the Soviet interest in polishing Moscow's international image. As for new construction, the Olympic Village will be added to the city's stock of rental apartments while the main Olympic Press Center is scheduled to become the headquarters of the Novosti Press Agency. And by all accounts the new passenger terminal at Sheremet'yevo Airport and the new central post office also were badly needed.

Confidential

Approved For Release 2005/11/23 : CIA-RDP81B00401R000600150002-1

X1 [redacted]

Foreign participation is a key element in Olympic preparations in spite of Moscow's desire to keep the Olympics a Soviet show. In areas such as electronic support equipment and accommodations for tourists, the Soviets simply lack the expertise to meet Western standards. Orders for Olympic-related goods and services with Western suppliers have risen to an estimated \$500 million. [redacted]

X1

The Soviets have launched an aggressive program to generate income to ease the hard currency strain caused by such outlays. Expected revenues of about \$250 million should offset about one-half of the projected hard currency Olympic costs; more than \$100 million will be obtained from television broadcast rights alone. Substantial sums also will be pulled in from foreign visitors; the Soviets, for example, require US travelers to sign up for package tours with a minimum 15-day itinerary in which Moscow is only one of several stops in the USSR. Even though hard currency revenues will fall short of costs, the Soviets have reduced the drain on foreign exchange reserves by making extensive use of low-cost Western credits. In effect, they have pushed their Olympic payments burden into the 1980s, when increased earnings from tourist facilities left over from the Summer Games will be available to offset loan payments due the West for Olympic purchases. [redacted]

25X1

Indeed, Moscow may well realize a net hard currency inflow from the Olympics: Our calculations show that, overall, the USSR's Olympic account could be in the black by next year. Beyond 1980, the Soviets could turn a profit even if the tourist utilization of the Olympic facilities averages only 25 percent between 1981 and 1985. [redacted]

25X1

Confidential

Approved For Release 2005/11/23 : CIA-RDP81B00401R000600150002-1

25X1

Approved For Release 2005/11/23 : CIA-RDP81B00401R000600150002-1

Next 26 Page(s) In Document Exempt

Approved For Release 2005/11/23 : CIA-RDP81B00401R000600150002-1